

21 OCT 1981

MEMORANDUM FOR: Deputy Director for Administration

FROM:

[REDACTED]
Acting Director of Logistics

DD/A REGISTRY
FILE: E & S - 4

SUBJECT: Restricted Procurement

REFERENCES:

- A. Request for Procurement Services (2420)
approved by DD/P/ODP 1 October 1981
- B. Memorandum for C/ADP/PD/OL from
C/SEB/ED/P/ODP, dated 18 Sept. 1981,
Subject: ODP Computer System Procurements
for FY 82
- C. National Advanced Systems Corporation
"Advanced Systems (AS) Series Overview"
Auerbach Publishers Inc. dated 26 May 1981
- D. Equipment Schedule
- E. Automatic Data Processing Equipment and
Services Certification and Procurement
Checklist, dated 2 October 1981

1. The Office of Data Processing (ODP), per the referents, has identified a need for the installation of three new computer systems over the next twelve-month period. To satisfy requirements for the first system, ODP intends to obtain a Central Processing Unit (CPU) in November 1981 to accommodate its batch processing functions. ODP has identified an IBM 3081 as the only system currently available which will meet its need for domestic equipment. ODP intends to lease this system for a two-year period at a cost of approximately \$3 million.

2. National Advanced Systems (NAS) of Palo Alto, California, a subsidiary of National Semiconductor Corporation (NSC) of Santa Clara, California, markets an IBM plug-compatible alternative, the AS 9000, to the IBM 3081. VION, a domestic small-business corporation, markets NAS products, including the AS 9000, to the Federal Government. ODP states that this machine is unacceptable in that it is not of domestic manufacture. Available information indicates this system is manufactured in Japan by Hitachi.

OL 1 4307

SUBJECT: Restricted Procurement

3. Chief, Procurement Management Staff, Office of Logistics (C/PMS/OL) is currently leading a task force which is addressing the larger issue of foreign manufactured equipment. Although much information has been brought to the fore, no firm conclusions have been reached nor policies proposed which would resolve the issue for the instant procurement. Given the various considerations relating to security, technology and other factors, it does not appear likely that a clear statement of Agency policy will be developed and adopted in a time and manner having relevance for the acquisition proposed.

4. In view of the above, there are two differing courses of action available:

a. Execute the attachment which reflects the exercise of non-delegable authority of the head of the Agency to negotiate a contract not to be publicly disclosed. This action will result in the selection of the IBM 3081 to accommodate the needs of ODP in November 1981; or

b. The second alternative, assuming the AS 9000 satisfies ODP's technical requirements, is to attempt to solicit purchase information from the supplier(s) on an ostensible commercial basis. This course would preclude any foreign country's knowledge of CIA interest in the equipment. This course does not eliminate the possibility that Original Equipment Manufacturer (OEM) design engineering personnel may be needed in the event of equipment failure. We are not in a position to determine the probability of such an occurrence.

5. If a determination is made that security considerations dictate the award of a contract to IBM on a sole-source basis, there is likely to be a severe negative reaction from AS 9000 vendors and possible inquiry from oversight activities. At this time, no communication from this office has been made to any AS 9000 supplier concerning this requirement. Post-award cognizance by these vendors will exacerbate their basis of complaint.

6. Given the severe time constraint required to satisfy ODP's requirement of a November 1981 installation, it is my recommendation that the Deputy Director for Administration approve an interim sole-source procurement of an IBM 3081 CPU based on the attached Determination and Findings for a period not to exceed two years.

Att

STAT

Approved For Release 2005/12/14 : CIA-RDP84B00890R000200060007-5
SUBJECT: Restricted Procurement

APPROVED:

16 NOV 1981

11 Nov 1981

Deputy Director for Administration

Date

Distribution:

Orig - Adse (return to OL/PD Official)

2 - DDA

APPROVING AND TRANSMITTING
 Date
 APPROVING AND TRANSMITTING 12/31/11 CIA-RDP84B00890R000200060007-5

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. MS	MS	12 Nov 11
2. EO/DDA	MS	12/11
3. DDA		
4.		
5.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

2-3: Can't figure out
 what is taking the
 Task Force so long
 to do its study - given
 the problem + security
 hazards, recommend
 your approval. John

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
P.S. Since said task force	
EO/DDA expects to complete study	Phone No.

Approved For Release 2005/12/14 : CIA-RDP84B00890R000200060007-5

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

CENTRAL INTELLIGENCE AGENCY

Determination and Findings
Authority to Negotiate an Individual Contract

Upon the basis of the following findings and determination which I hereby make as Agency head, the proposed contract below may be negotiated without formal advertising pursuant to the authority of 10 U.S.C 2304(a)(12).

Findings

1. The ADP & Engineering Branch, Procurement Division, Office of Logistics proposes to acquire certain automatic data processing equipment and related services to satisfy stated needs of the Office of Data Processing two-year period commencing November 1981. The equipment required consists of a Central Processing Unit (Model 3081) and other interconnected machines which are manufactured by the International Business Machines Corporation.
2. Procurement by negotiation of the above described equipment and services is necessary because of reasons relating to national security which are classified.
3. Use of formal advertising for procurement of the above described equipment and services is impractical because formal advertising would require disclosure of considerations relating to national security thus jeopardizing their security classification.
4. Because of threats relating to national security, the Office of Data Processing will not accept equipment except as stated above.

Determination

The proposed contract for equipment and services as is required by the Office of Data Processing including a Central Processing Unit and interconnected equipment to satisfy its need for installation during November 1981 shall provide for equipment solely manufactured by International Business Machines Corporation and should not be publicly disclosed because of reasons relating to national security.

APPROVED:

Harry E. Fitzwater

Deputy Director for Administration

16 NOV 1981

Date

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

A

STAT

Approved For Release 2005/12/14 : CIA-RDP84B00890R000200060007-5

Approved For Release 2005/12/14 : CIA-RDP84B00890R000200060007-5

REFERENCE
B